

BACKGROUND

MCH reimburses agencies for actual costs incurred in meeting the objectives as specified in the SOW, not to exceed the approved program budget.

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1.0 GENERAL POLICY AND REQUIREMENTS

1.1 Policy:

- 1.1.1 Agencies are responsible for Federal audit exceptions and must indemnify the State in the event any exceptions are found, such as services:
 - Which are not eligible for FFP,
 - For which there is no proper FFP match, or
 - For which Agency dollars are not expended as invoiced when claiming FFP.
- 1.1.2 MCH Branch approval and payment of invoices is not evidence of allowable costs. Allowable costs are determined by means of a State and/or Federal fiscal and program audit.

1.2 Requirements:

- 1.2.1 Expenses requiring prior written approval will be reimbursed only if approval has been granted.
- 1.2.2 Personnel costs invoiced must be based on either a time card or a time study (for all personnel claiming FFP) rather than approved budget documents. Budget documents are only an estimate of expenditures.
- 1.2.3 Invoices claiming FFP must be accompanied by an approved time study report for each person claiming FFP. The time study report must reflect 100% of employee's time, and at minimum contain the following information:
 - Agency name
 - Time study period
 - First and last name of employee
 - Employee classification or title
 - Budget line number
 - Percent of time studied to each program listed
 - Percent of time by activity classification
 - Enhanced (75/25)
 - Non-Enhanced (50/50)

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- Unmatched
 - Medi-Cal factor for each program listed
- 1.2.4 This report is contained in the FFP Calculation File. Agencies must use the current version of the FFP Calculation File or an MCH Branch approved alternate.
- 1.2.5 All invoices are to be submitted quarterly except CBOs approved to invoice monthly.
- 1.2.6 Invoices that contain a reimbursement request for a Capital Expenditure, or for inventory-controlled items from the Other Cost Detail Section of the Operating and Other Costs Detail Worksheet, must include a HAS 1203 form listing the purchased items. Use a copy of the HAS1203 located in the Forms Section of this Policy and Procedure Manual. Instructions for completing the HAS 1203 are in the form section.
- 1.2.7 Negative balances are not allowed on any Invoice document EXCEPT to adjust for an overpayment of a prior invoice.
- 1.2.8 Invoices must be submitted within 45 calendar days after the close of the billing period, and must include the following:
 - Cover letter,
 - Invoice (in both hard copy and electronic file),
 - Time Study Report for each staff claiming FFP, and
 - HAS 1203 if applicable.
- 1.2.9 The final invoice, which may be a supplemental invoice, must be postmarked no later than 90 calendar days after the Agreement's expiration date or termination date, or the fiscal year end (whichever is earlier).
- 1.2.10 MCH will review the invoice for correct format, accuracy, and available funds.
- 1.2.11 MCH may return any invoice that cannot be processed by Branch staff within 15 days of receipt.
- 1.2.12 MCH Branch approved invoices must be submitted to the Department's accounting office for review and approval prior to submission to the State Controller's Office for payment.

1.3 Procedures:

- 1.3.1 Agencies always have the option to invoice less than the allowable amount. This may be required if the budget is

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overspent in one column and under spent in another, resulting in the need to move funding from an Enhanced rate to a Non-Enhanced rate (from 75/25 to 50/50), or from Matched funds to Unmatched funds.

- 1.3.2 Information entered on the invoice will automatically update the Fund Reconciliation Worksheet. This worksheet should be reviewed before submitting invoices to avoid payment reductions due to insufficient funds.
- 1.3.3 Agencies must submit a complete invoice package containing the following documents:
 - Cover letter on official Agency letterhead that includes the following:
 - Date the cover letter was prepared
 - Agreement Number as shown on your approval letter
 - Invoice number
 - Total amount of the invoice
 - Inclusive dates for invoicing period
 - Original signatures
 - Explanation of any variance from the approved budget such as:
 - Personnel changes or vacancies; addition to, or substitutions of, items budgeted under Other Costs; adjustments or corrections from a prior quarter; or time studies that were completed during a non-regular time study month.
 - Invoice that includes the following:
 - Original signatures by the Agency's fiscal agent and Program Director below the certification statements
 - Appropriate expenditures according to the approved program budget
 - Agreement number as shown on the budget approval letter
- 1.3.4 Agencies must submit a signed original (without any whiteout or correction tape), and two copies of the cover letter and invoice to the address below. Agencies must also submit a file by electronic media or email.

**Department of Health Services
Maternal and Child Health Branch
Operations Section
Attn: Contract Manager
1615 Capitol Avenue, MS 8305
PO Box 997420
Sacramento, CA 95899-7420**

1.4 Special Considerations:

- 1.4.1 All corrections/adjustments to invoices already submitted and paid are to be made on a subsequent invoice rather than a Supplemental Invoice. Such corrections/adjustments must be entered and noted on a separate invoice line as well as noted on the Invoice Cover Letter.
- 1.4.2 FOR CBOs ONLY - invoices based upon grant amendment changes cannot be paid until the amendment is executed. The final invoice submission deadline will be 30 days from the date the amendment is executed.
- 1.4.3 CBOs experiencing cash flow problems may request to invoice monthly. This must be discussed with your Contract Manager and will be approved on a case-by-case basis.

2.0 SUPPLEMENTAL INVOICES

2.1 Policy:

- 2.1.1 A Supplemental Invoice is to be used only when the Agency determines additional charges are necessary after all invoices have been submitted and processed by the MCH Branch.
- 2.1.2 If a Supplemental Invoice is being submitted, it must meet all the requirements for a standard invoice as noted above and must additionally:
 - Be titled "Supplemental Invoice"
 - Reflect only the amount of the supplemental billing, and
 - Reflect the same percentage distribution as the invoice period in which the cost was incurred.